

GEOHERMAL LOAN

SAMPLE LOAN DOCUMENTS

(Includes Sample Loan Documents for Private For-profit Entities and Local Jurisdictions)

CALIFORNIA ENERGY COMMISSION

GEOTHERMAL PROGRAM

ESTIMATED LOAN AMORTIZATION SCHEDULE

LOAN NUMBER -
ORGANIZATION
LOAN AMOUNT \$
ANNUAL INTEREST RATE %
NUMBER OF PAYMENTS
ESTIMATED FIRST DISBURSEMENT DATE
ESTIMATED PROJECT COMPLETION DATE
ASSUMED FIRST PAYMENT DATE

DATE	TRANSACTION	AMOUNT	ACCRUED INTEREST	PRINCIPAL REDUCTION	UNPAID PRINCIPAL
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NOTE: THIS SCHEDULE IS ONLY AN ESTIMATE. WHEN YOUR PROJECT IS COMPLETED, YOU WILL BE ISSUED A FINAL SCHEDULE BASED ON ACTUAL DISBURSEMENT(S) AND COMPLETION DATE.

THIS AMORTIZATION SCHEDULE ASSUMES PAYMENTS OF ALL INSTALLMENTS ARE MADE ON THEIR DUE DATES IN ACCORDANCE WITH THE TERMS OF THE PROMISSORY NOTE. ANY PAYMENT OF INSTALLMENT CONSIDERED TO HAVE BEEN MADE LATE IN ACCORDANCE WITH THE TERMS OF THE PROMISSORY NOTE AND ANY UNSCHEDULED PREPAYMENT WILL AFFECT ACCRUED INTEREST, PRINCIPAL REDUCTION, UNPAID PRINCIPAL, AND TOTAL REPAYMENT.

PRINCIPAL AMOUNT: \$

LOAN NUMBER: - -

PROJECT TERM:

GEOTHERMAL PROGRAM LOAN AGREEMENT

THIS AGREEMENT IS EFFECTIVE AS OF THE DATE BOTH PARTIES HAVE SIGNED THIS AGREEMENT, IN THE STATE OF CALIFORNIA, BY AND BETWEEN THE STATE OF CALIFORNIA, CALIFORNIA ENERGY COMMISSION, 1516 NINTH STREET, SACRAMENTO, CALIFORNIA 95814, HEREINAFTER "COMMISSION" AND _____, HEREINAFTER "BORROWER."

1. AUTHORITY

- A. PURSUANT TO THE PURPOSES AUTHORIZED BY PUBLIC RESOURCES CODE, SECTIONS 3822 AND 3823, THE COMMISSION HAS APPROVED THE BORROWER'S LOAN APPLICATION DATED _____, WHICH IS NOT ATTACHED BUT IS EXPRESSLY INCORPORATED BY REFERENCE HEREIN.
- B. SUBJECT TO THE TERMS, COVENANTS, AND CONDITIONS CONTAINED HEREIN, AND THE ATTACHED BUDGET DETAIL AND PROJECT DESCRIPTION/WORK STATEMENT TO THE EXTENT IT MODIFIES BORROWER'S LOAN APPLICATION, THE COMMISSION SHALL MAKE A LOAN TO BORROWER IN THE AMOUNT OF _____ DOLLARS (_____) EVIDENCED BY A PROMISSORY NOTE FOR LOAN NUMBER _____ ATTACHED HERETO AS EXHIBIT A.

2. GENERAL TERMS

- A. THE BORROWER AGREES TO INDEMNIFY, DEFEND AND SAVE HARMLESS THE STATE, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY AND ALL CLAIMS AND LOSSES ACCRUING OR RESULTING TO BORROWER AND TO ANY AND ALL CONTRACTORS, SUBCONTRACTORS, MATERIALMEN, LABORERS, AND ANY OTHER PERSON, FIRM, OR CORPORATION FURNISHING OR SUPPLYING WORK, SERVICES, MATERIALS, OR SUPPLIES IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT, AND FROM ANY AND ALL CLAIMS AND LOSSES ACCRUING OR RESULTING TO ANY PERSON, FIRM, OR CORPORATION WHO MAY BE INJURED OR DAMAGED BY THE BORROWER IN THE PERFORMANCE OF THIS CONTRACT.
- B. THE BORROWER, AND THE AGENTS AND EMPLOYEES OF BORROWER, IN THE PERFORMANCE OF THIS AGREEMENT, SHALL ACT IN AN INDEPENDENT CAPACITY AND NOT AS OFFICERS OR EMPLOYEES OR AGENTS OF THE STATE OF CALIFORNIA.

- C. WITHOUT THE WRITTEN CONSENT OF THE COMMISSION, THIS AGREEMENT IS NOT ASSIGNABLE OR TRANSFERABLE BY BORROWER EITHER IN WHOLE OR IN PART.
- D. TIME IS OF THE ESSENCE IN THIS AGREEMENT. BORROWER IS REQUIRED TO TAKE TIMELY ACTIONS WHICH, TAKEN COLLECTIVELY, MOVE TO COMPLETION OF THE PURPOSE FOR WHICH THIS LOAN WAS AWARDED. THE COMMISSION PROJECT MANAGER WILL PERIODICALLY EVALUATE THE PROGRESS TOWARD COMPLETION. IF THE COMMISSION PROJECT MANAGER DETERMINES THAT THE LOAN RECIPIENT IS NOT PROGRESSING TOWARD COMPLETION WITHIN TWO (2) YEARS OF THE DATE THE LOAN DOCUMENTS WERE SIGNED BY THE COMMISSION, THE COMMISSION PROJECT MANAGER MAY, WITHOUT PENALTIES OR PREJUDICE TO ANY OF THE COMMISSION S REMEDIES, TERMINATE THIS AGREEMENT.
- E. NO ALTERATION OR VARIATION OF THE TERMS OF THIS AGREEMENT SHALL BE VALID UNLESS MADE IN WRITING AND SIGNED BY THE PARTIES HERETO, AND NO ORAL UNDERSTANDING OR AGREEMENT NOT INCORPORATED HEREIN, SHALL BE BINDING ON ANY OF THE PARTIES HERETO.
- F. ANY REPORT, BROCHURE, OR PRODUCT PRODUCED AS A RESULT OF WORK FUNDED BY THIS PROGRAM SHALL NOT BE REPRESENTED TO BE ENDORSED BY THE COMMISSION, AND ANY DOCUMENTS SHALL INCLUDE THE FOLLOWING STATEMENT:

LEGAL NOTICE

THIS DOCUMENT WAS PREPARED AS A RESULT OF WORK SPONSORED BY THE CALIFORNIA ENERGY COMMISSION. IT DOES NOT NECESSARILY REPRESENT THE VIEWS OF THE ENERGY COMMISSION, ITS EMPLOYEES, OR THE STATE OF CALIFORNIA. THE COMMISSION, THE STATE OF CALIFORNIA, ITS EMPLOYEES, CONTRACTORS, AND SUBCONTRACTORS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AND ASSUME NO LEGAL LIABILITY FOR THE INFORMATION IN THIS DOCUMENT; NOR DOES ANY PARTY REPRESENT THAT THE USE OF THIS INFORMATION WILL NOT INFRINGE UPON PRIVATELY OWNED RIGHTS.

3. PURPOSE

THE BORROWER AGREES TO EXPEND ALL FUNDS ADVANCED PURSUANT TO THIS AGREEMENT ONLY FOR THE PURPOSES AND IN THE AMOUNTS SET FORTH IN THE ATTACHED BUDGET DETAIL. BORROWER HAS THE AUTHORITY TO REALLOCATE A CATEGORY BUDGET ITEM UP TO 15 PERCENT, BUT DEVIATIONS OF MORE THAN 15 PERCENT REQUIRE PRIOR WRITTEN APPROVAL OF THE COMMISSION PROJECT MANAGER. IN THE EVENT THE COMMISSION DETERMINES

THAT FUNDS HAVE BEEN EXPENDED WITHOUT PRIOR WRITTEN APPROVAL BY THE COMMISSION FOR PURPOSES OTHER THAN THOSE SPECIFIED, THE FULL AMOUNT OF THE LOAN, INCLUDING PRINCIPAL AND INTEREST, SHALL BE IMMEDIATELY DUE AND PAYABLE.

4. LOAN DISBURSEMENT SCHEDULE

- A. THE COMMISSION AGREES TO DISBURSE FUNDS TO THE BORROWER UPON THE PROPER EXECUTION OF THE ATTACHED PROMISSORY NOTE AND ALL APPROPRIATE SECURITY INSTRUMENTS AND REQUIRED SUPPLEMENTAL DOCUMENTS, INCLUDING INVOICES AS REQUIRED IN THE FOLLOWING PARAGRAPH.
- B. LOAN FUNDS SHALL BE DISBURSED ON A REIMBURSEMENT BASIS BASED ON INVOICES SUBMITTED BY BORROWER IN A FORM APPROVED BY THE COMMISSION. AN ITEMIZED LIST OF ALL EXPENSES MUST BE PROVIDED TO SUBSTANTIATE THE REQUEST. COMMISSION STAFF WILL APPROVE INVOICES ONLY AFTER VERIFYING REQUESTED AMOUNTS AGAINST THE ITEMIZED LIST AND DETERMINING EXPENSES ARE APPROPRIATE AND USED FOR THE PURPOSE OF THE LOAN.
- C. TEN PERCENT (10%) OF THE TOTAL LOAN AMOUNT WILL BE WITHHELD AS RETENTION UNTIL THE FINAL REPORT IS RECEIVED AND THE COMMISSION'S PROJECT MANAGER DETERMINES THE PROJECT HAS BEEN SATISFACTORILY COMPLETED.
- D. AN ADVANCE OF UP TO 10 PERCENT (10%) OF THE TOTAL LOAN MAY BE REQUESTED AT THE START OF THE PROJECT. SUBSEQUENT ADVANCES MAY BE ALLOWED WHEN RECEIPT OF FUNDS ON A REIMBURSEMENT BASIS PRESENTS AN UNDUE HARDSHIP TO THE BORROWER.

5. INTEREST

THE LOAN HEREIN SHALL BEAR SIMPLE INTEREST AT THE ANNUAL RATE SET FORTH IN THE ATTACHED PROMISSORY NOTE ON THE PRINCIPAL BALANCE OF LOAN FUNDS DISBURSED TO THE BORROWER. PAYMENT OF SAID INTEREST SHALL BE DUE AT THE TIME OF REPAYMENT OF THE LOAN TO THE COMMISSION, AND INTEREST SHALL ACCRUE FROM THE TIME OF DISBURSAL OF FUNDS TO THE BORROWER UNTIL RECEIPT OF FULL REPAYMENT BY THE COMMISSION.

6. TERM

- A. THE EFFECTIVE DATE OF THIS AGREEMENT SHALL BE THE LAST DATE OF EXECUTION.
- B. THE BORROWER AGREES TO COMPLETE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT WITHIN THE PERIOD STATED IN

THIS AGREEMENT.

7. REPAYMENT

- A. ALL FUNDS ADVANCED HEREUNDER, TOGETHER WITH ALL INTEREST PAYABLE THEREON, SHALL BE REPAID TO THE COMMISSION IN ACCORDANCE WITH THE TERMS OF THE PROMISSORY NOTE.
- B. FOR NON-GOVERNMENTAL BORROWERS, IT IS EXPRESSLY AGREED BY BORROWER THAT REPAYMENT OF THE COMMISSION LOAN IS NOT CONDITIONED ON THE TECHNICAL OR ECONOMIC RESULTS OF THE PROJECT BEING FUNDED IN WHOLE OR IN PART BY THIS LOAN. REPAYMENT SHALL OCCUR UNDER THE TERMS OF THE LOAN AGREEMENT, PROMISSORY NOTE, AND SECURITY AGREEMENT.
- C. FOR GOVERNMENTAL BORROWERS, SEMIANNUAL PAYMENTS DUE TO THE COMMISSION UNDER THIS AGREEMENT SHALL BE MADE FROM SAVINGS IN ENERGY COSTS, REVENUE, OR OTHER AVAILABLE FUNDS AS THE BORROWER CHOOSES. IF BORROWER IS A COUNTY, CITY, TOWN, TOWNSHIP, BOARD OF EDUCATION, OR SCHOOL DISTRICT, BORROWER AGREES THAT THE AMOUNT OF THE SEMIANNUAL LOAN REPAYMENT SHALL NOT BE RAISED BY THE LEVY OF ADDITIONAL TAXES AND SHALL NOT BE A CHARGE AGAINST BORROWER'S GENERAL FUND, BUT SHALL BE OBTAINED EITHER FROM ACTUAL SAVINGS IN ENERGY COSTS OR REVENUE RESULTING FROM THE SUBJECT ENERGY PROJECT OR OTHER AVAILABLE FUNDS AS THE BORROWER CHOOSES.

8. PREPAYMENT

BORROWER SHALL HAVE THE RIGHT TO PREPAY ALL OR ANY PART OF THE AMOUNT OF THIS LOAN AT ANY TIME WITHOUT PENALTY.

9. PROMISSORY NOTE

IN ORDER TO EVIDENCE ITS DEBT TO THE COMMISSION HEREUNDER, THE BORROWER AGREES TO, CONTEMPORANEOUSLY WITH THE EXECUTION OF THIS AGREEMENT, EXECUTE AND DELIVER TO THE COMMISSION A PROMISSORY NOTE.

10. FEDERAL OMB CIRCULARS

THE OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULARS CHECKED BELOW ARE INCORPORATED AS PART OF THIS AGREEMENT.

____ COMMON RULE FOR UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS

____ OMB CIRCULAR A-110: UNIFORM ADMINISTRATIVE REQUIREMENTS FOR

GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION,
HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS (ALSO APPLICABLE
TO PRIVATE ENTITIES)

___ 10 CFR PART 600

___ OMB CIRCULAR A-87: COST PRINCIPLES FOR STATE, LOCAL AND
TRIBAL GOVERNMENTS

___ OMB CIRCULAR A-21: COST PRINCIPLES FOR EDUCATIONAL
INSTITUTIONS

___ OMB CIRCULAR A-122: COST PRINCIPLES FOR NON-PROFIT
ORGANIZATIONS

___ OTHER: _____

___ NONE

11. SECURITY (APPLIES ONLY TO NON-GOVERNMENTAL BORROWERS)

THIS LOAN IS FOR THE PURCHASE OF EQUIPMENT, SUPPLIES, AND SERVICES AS
DESIGNATED IN THE ATTACHED BUDGET DETAIL.

A. ANY EQUIPMENT AND SUPPLIES PURCHASED WITH LOAN FUNDS SHALL BE
MADE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. A SECURITY INTEREST IN ALL COLLATERALIZED EQUIPMENT AND
SUPPLIES SHALL REMAIN WITH THE STATE UNTIL THE LOAN
PRINCIPAL AND ACCRUED INTEREST IS REPAID IN FULL TO THE
STATE OR UNTIL RELEASED BY THE STATE.
2. BORROWER SHALL ASSUME ALL RISK FOR MAINTENANCE, REPAIR,
DESTRUCTION, AND DAMAGE TO EQUIPMENT AND SUPPLIES WHILE
IN THE POSSESSION OF, OR SUBJECT TO THE CONTROL OF, THE
BORROWER.
3. BORROWER SHALL SIGN A "CALIFORNIA ENERGY COMMISSION
GEOTHERMAL PROGRAM SECURITY AGREEMENT" (EXHIBIT B), AND
ALL OTHER INSTRUMENT(S) REQUIRED BY THE COMMISSION TO
GRANT A SECURITY INTEREST IN THE EQUIPMENT AND SUPPLIES
TO THE STATE. BORROWER SHALL SIGN AND RETURN THESE
DOCUMENTS TO THE COMMISSION PRIOR TO THE COMMISSION
EXECUTING THIS LOAN AGREEMENT UNLESS OTHERWISE
EXCEPTED BY THE COMMISSION'S GRANTS AND LOANS OFFICE
STAFF. THESE DOCUMENTS MUST BE PROPERLY FILED,
PERFECTING THE COMMISSION'S SECURITY INTEREST, BEFORE THE

COMMISSION SHALL AUTHORIZED PAYMENT OF ANY INVOICE.

- B. IF THE SECURITY VALUE OF EQUIPMENT AND SUPPLIES PURCHASED WITH THESE LOAN FUNDS DOES NOT EQUAL THE AMOUNT OF THE LOAN, ADDITIONAL SECURITY IS REQUIRED. ADDITIONAL SECURITY WILL BE NEGOTIATED BETWEEN THE BORROWER AND THE COMMISSION. THE BORROWER SHALL SIGN A "CALIFORNIA ENERGY COMMISSION GEOTHERMAL PROGRAM SECURITY AGREEMENT" (EXHIBIT B), AND ALL OTHER INSTRUMENT(S) REQUIRED BY THE COMMISSION TO SECURE AND PERFECT THE COMMISSION'S INTEREST IN THE ADDITIONAL COLLATERAL.
- C. THE BORROWER MAY, AFTER REPAYING A PORTION OF THE LOAN PRINCIPAL, REQUEST IN WRITING TO THE COMMISSION, RELEASE OF COLLATERAL WITH A SECURITY VALUE EQUAL TO OR LESS THAN THE AMOUNT OF REPAID PRINCIPAL. APPROVAL OF BORROWER'S REQUEST IS AT THE ABSOLUTE AND UNFETTERED DISCRETION OF THE COMMISSION PROJECT MANAGER AND GRANTS AND LOANS OFFICE. THE AMOUNT AND VALUE OF COLLATERAL RELEASED AND THE SPECIFIC ITEMS OF COLLATERAL TO BE RELEASED WILL BE DETERMINED BY THE COMMISSION.

12. ACCOUNTS

- A. IF REQUESTED BY THE COMMISSION, THE BORROWER AGREES TO DEPOSIT ALL FUNDS RECEIVED UNDER THIS AGREEMENT IN A SEGREGATED ACCOUNT IN AN INSTITUTION WHOSE DEPOSITS ARE INSURED BY THE FEDERAL OR THE STATE GOVERNMENT.
- B. THE BORROWER FURTHER AGREES TO ESTABLISH ON ITS BOOKS A SEPARATE ACCOUNT FOR THIS LOAN. THIS ACCOUNT SHALL BE MAINTAINED AS LONG AS THE LOAN OBLIGATION REMAINS UNSATISFIED.
- C. THE BORROWER FURTHER AGREES TO RETAIN ALL PROJECT RECORDS (INCLUDING FINANCIAL RECORDS, PROGRESS REPORTS, AND PAYMENT REQUESTS, AND BACKUP DOCUMENTATION TO INCLUDE RECEIPTS, CONTRACTOR INVOICES, EMPLOYEE TIMESHEETS, OR OTHER DOCUMENTATION TO SUBSTANTIATE PAYMENT REQUESTS) FOR A MINIMUM OF THREE (3) YEARS AFTER THE PROJECT FINAL ADMINISTRATIVE REPORT HAS BEEN APPROVED OR UNTIL AUDITED BY THE STATE, WHICHEVER OCCURS FIRST. THE BORROWER FURTHER AGREES TO MAINTAIN RECORDS THAT ACCURATELY AND FULLY SHOW THE DATE, AMOUNT, PURPOSE, AND PAYEE OF ALL EXPENDITURES DRAWN ON SAID ACCOUNT.
- D. THE BORROWER FURTHER AGREES TO UTILIZE A VOUCHER SYSTEM BY WHICH ALL EXPENDITURES FROM SAID ACCOUNT WILL BE AUTHORIZED AND AUTHENTICATED.

- E. THE BORROWER FURTHER AGREES TO ALLOW THE COMMISSION, ITS DESIGNEE, OR ANY OTHER AGENCY OF THE STATE, ON WRITTEN REQUEST, TO HAVE REASONABLE ACCESS TO, AND THE RIGHT OF INSPECTION OF, ALL RECORDS THAT PERTAIN TO SAID ACCOUNT. THE BORROWER ALSO AGREES TO SUBMIT TO AN INDEPENDENT AUDIT, IF REQUESTED BY THE COMMISSION, AT THE EXPENSE OF THE BORROWER.
- F. THE BORROWER FURTHER AGREES TO MAINTAIN REVENUE AND/OR ENERGY USE RECORDS FOR THE DURATION OF THE LOAN TERM IN A FORMAT PREAPPROVED BY THE COMMISSION PROJECT MANAGER.
- G. ALL INVOICES MUST BE SUBMITTED WITHIN SIXTY (60) DAYS AFTER PROJECT COMPLETION.

13. DEFAULT

- A. IN THE EVENT THE BORROWER, FOR ANY REASON, IS UNABLE TO PROCEED WITH THE PURPOSE OF THIS AGREEMENT, THE COMMISSION MAY DECLARE THIS AGREEMENT TO HAVE BEEN BREACHED AND BE RELEASED FROM ANY FURTHER PERFORMANCE HEREUNDER.
- B. IN THE EVENT OF ANY DEFAULT OR BREACH OF THE AGREEMENT BY THE BORROWER, THE COMMISSION, WITHOUT LIMITING ANY OF ITS OTHER LEGAL RIGHTS OR REMEDIES, MAY DECLARE THE PROMISSORY NOTE EVIDENCING THE LOAN TO BE IMMEDIATELY DUE AND PAYABLE.

14. REPORTING

- A. PROGRESS REPORTS ARE DUE QUARTERLY UNTIL PROJECT COMPLETION. REPORTS ARE DUE MAY 1 (FOR THE JANUARY 1 - MARCH 31 PERIOD), AUGUST 1 (FOR THE APRIL 1 - JUNE 30 PERIOD), NOVEMBER 1 (FOR THE JULY 1 - SEPTEMBER 30 PERIOD), AND FEBRUARY 1 (FOR THE OCTOBER 1 - DECEMBER 31 PERIOD).
- B. A DRAFT FINAL ADMINISTRATIVE REPORT SHALL BE SUBMITTED TO THE COMMISSION PROJECT MANAGER NO LATER THAN SIXTY (60) DAYS PRIOR TO THE END OF THE PROJECT TERM. ANY COMMENTS BY THE COMMISSION PROJECT MANAGER MUST BE INCORPORATED IN THE FINAL ADMINISTRATIVE REPORT.
- C. A PAYMENT REQUEST - GEOTHERMAL FORM (CEC-134) MUST BE SUBMITTED WITH EACH REQUEST (INVOICE) FOR LOAN FUNDS.
- D. IF REQUESTED BY THE COMMISSION, BORROWER SHALL SUBMIT, WITHIN TEN (10) DAYS OF THE COMMISSION'S WRITTEN REQUEST, A STATUS REPORT ON ITS ACTIVITIES TO DATE, PURSUANT TO THIS AGREEMENT.

E. REPORTS SHALL BE IN A FORMAT AS DETERMINED BY THE COMMISSION.

15. NONDISCRIMINATION

- A. DURING THE PERFORMANCE OF THIS AGREEMENT, THE BORROWER AND ITS CONTRACTORS AND SUBCONTRACTORS SHALL NOT DENY THE AGREEMENT'S BENEFITS TO ANY PERSON ON THE BASIS OF RELIGION, COLOR, ETHNIC GROUP IDENTIFICATION, SEX, AGE, PHYSICAL OR MENTAL DISABILITY, NOR SHALL THEY DISCRIMINATE UNLAWFULLY AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF RACE, RELIGION, COLOR, NATIONAL ORIGIN, ANCESTRY, PHYSICAL HANDICAP, MENTAL DISABILITY, MEDICAL CONDITION, MARITAL STATUS, AGE, OR SEX. THE BORROWER SHALL INSURE THAT THE EVALUATION AND TREATMENT OF EMPLOYEES AND APPLICANTS FOR EMPLOYMENT ARE FREE OF SUCH DISCRIMINATION.
- B. THE BORROWER SHALL COMPLY WITH THE PROVISIONS OF THE FAIR EMPLOYMENT AND HOUSING ACT (GOVERNMENT CODE, SECTION 12900 ET SEQ.), THE REGULATIONS PROMULGATED THEREUNDER (CALIFORNIA CODE OF REGULATIONS, TITLE 2, SECTION 7285.0 ET SEQ.), THE PROVISIONS OF ARTICLE 9.5, CHAPTER 1, PART 1, DIVISION 3, TITLE 2, OF THE GOVERNMENT CODE (GOVERNMENT CODE, SECTIONS 11135 - 11139.5), AND THE REGULATIONS OR STANDARDS ADOPTED BY THE AWARING STATE AGENCY TO IMPLEMENT SUCH ARTICLE.
- C. THE BORROWER AND ITS CONTRACTORS AND SUBCONTRACTORS SHALL GIVE WRITTEN NOTICE OF THEIR OBLIGATIONS UNDER THIS CLAUSE TO LABOR ORGANIZATIONS WITH WHICH THEY HAVE A COLLECTIVE BARGAINING OR OTHER AGREEMENT.
- D. THE BORROWER SHALL INCLUDE THE NONDISCRIMINATION AND COMPLIANCE PROVISIONS OF THIS CLAUSE IN ALL CONTRACTS AND SUBCONTRACTS TO PERFORM WORK UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

STATE OF CALIFORNIA -
CALIFORNIA ENERGY COMMISSION

BORROWER (IF OTHER THAN AN
INDIVIDUAL, STATE WHETHER A
CORPORATION, PARTNERSHIP, ETC.)

BY (AUTHORIZED SIGNATURE)

CHIEF, FISCAL MANAGEMENT BRANCH

TITLE

DATE

BY (AUTHORIZED SIGNATURE)

TITLE

DATE

MAIL ADDRESS:

AMOUNT ENCUMBERED :	FISCAL YEAR :	FUND	:	LOAN NO.
:	:	:	:	:
:	:	:	:	:
:	:	:	:	:
APPROPRIATION			:	LINE ITEM
			:	ALLOTMENT
			:	
			:	

I HEREBY CERTIFY UPON MY OWN PERSONAL KNOWLEDGE THAT BUDGETED FUNDS
ARE AVAILABLE FOR THE PERIOD AND PURPOSE OF THE EXPENDITURE STATED ABOVE.

SIGNATURE OF ACCOUNTING OFFICER

DATE

BUDGET DETAIL

PROJECT DESCRIPTION

WORK STATEMENT

EXHIBIT A

PROMISSORY NOTE

PRINCIPAL AMOUNT: \$

LOAN NUMBER:

1. FOR VALUE RECEIVED, THE UNDERSIGNED, _____ HEREINAFTER REFERRED TO AS THE "BORROWER"), PROMISES TO PAY TO THE ORDER OF THE STATE OF CALIFORNIA, CALIFORNIA ENERGY COMMISSION (HEREINAFTER REFERRED TO AS THE "COMMISSION"), AT ITS PRINCIPAL PLACE OF BUSINESS AT 1516 NINTH STREET, SACRAMENTO, CALIFORNIA 95814, OR AT SUCH OTHER PLACE AS THE COMMISSION MAY DESIGNATE, THE PRINCIPAL SUM OF _____ DOLLARS (_____) OR SUCH LESSER AMOUNT AS SHALL EQUAL THE AGREEMENT AMOUNT DISBURSED TO THE BORROWER BY THE COMMISSION, TOGETHER WITH INTEREST ON THE UNPAID PRINCIPAL COMPUTED FROM THE DATE OF EACH DISBURSEMENT TO THE BORROWER UNTIL REPAYED BY THE BORROWER AT THE INTEREST RATE OF _____ PERCENT PER ANNUM. PRINCIPAL AND INTEREST IS DUE AND PAYABLE IN SEMIANNUAL INSTALLMENTS, BEGINNING ON DECEMBER 22 OR JUNE 22. FOR PROJECTS COMPLETING BETWEEN JANUARY 1 AND JUNE 30, PAYMENTS WILL BEGIN ON DECEMBER 22 OF THE SAME YEAR. FOR PROJECTS COMPLETING BETWEEN JULY 1 AND DECEMBER 31, PAYMENTS WILL BEGIN JUNE 22 OF THE FOLLOWING YEAR.

AFTER THE BORROWER HAS COMPLETED THE PROJECT AND SUBMITTED A FINAL REPORT AND INVOICE, THE BORROWER WILL BE MAILED A FINAL AMORTIZATION SCHEDULE SPECIFYING DUE DATES AND INSTALLMENT AMOUNTS.

2. PAYMENT OF ANY SCHEDULED INSTALLMENT RECEIVED WITHIN THIRTY (30) DAYS AFTER ITS DUE DATE SHALL BE CONSIDERED TO HAVE BEEN RECEIVED ON ITS DUE DATE AND SHALL BE FIRST APPLIED TO ACCRUED INTEREST FROM THE DATE OF DISBURSAL TO THE BORROWER AND THE BALANCE, IF ANY, TO PRINCIPAL. PAYMENT OF ANY SCHEDULED INSTALLMENT RECEIVED MORE THAN THIRTY (30) DAYS AFTER ITS DUE DATE BUT BEFORE THE NEXT BILLING SHALL BE CONSIDERED LATE, AND INTEREST ON THE UNPAID PRINCIPAL SHALL ACCRUE FROM DATE OF DISBURSAL TO THE BORROWER THROUGH THE ACTUAL PAYMENT DATE. HOWEVER, PAYMENT OF ANY SCHEDULED INSTALLMENT RECEIVED AFTER A SUBSEQUENT BILLING SHALL BE CONSIDERED OVERDUE, AND INTEREST SHALL ACCRUE ON THE UNPAID PRINCIPAL FROM DATE OF DISBURSAL TO THE BORROWER THROUGH THE SUBSEQUENT BILLING DUE DATE OR ACTUAL PAYMENT DATE, WHICHEVER IS LATER. THE BORROWER MAY PREPAY THIS NOTE IN FULL OR IN PART, WITHOUT PENALTY, BUT ANY SUCH PREPAYMENT

SHALL BE FIRST APPLIED TO PRINCIPAL AND THE BALANCE, IF ANY, TO ACCRUED INTEREST.

3. IF ANY INSTALLMENT IS NOT PAID WITHIN THIRTY (30) DAYS AFTER ITS DUE DATE, THE COMMISSION, AT ITS OPTION, MAY REQUIRE THE BORROWER TO PAY A LATE CHARGE EQUAL TO FIVE PERCENT (5%) OF THE AMOUNT OF THE INSTALLMENT OR FIVE DOLLARS (\$5.00), WHICHEVER IS GREATER.
4. FOR NON-GOVERNMENTAL BORROWERS THE INDEBTEDNESS EVIDENCED BY THIS NOTE IS MADE PURSUANT TO A LOAN AGREEMENT BETWEEN THE BORROWER AND THE COMMISSION AND IS SECURED BY (1) COMPLETED, SIGNED, AND PROPERLY FILED INSTRUMENT(S) REQUIRED BY THE COMMISSION AND (2) "CALIFORNIA ENERGY COMMISSION GEOTHERMAL PROGRAM SECURITY AGREEMENT" (EXHIBIT B).
5. ON THE OCCURRENCE OF ANY EVENT OF DEFAULT, THE COMMISSION, AT ITS SOLE ELECTION, MAY DECLARE ALL OR ANY PORTION OF THE PRINCIPAL AND ACCRUED INTEREST ON THIS NOTE TO BE IMMEDIATELY DUE AND PAYABLE AND MAY PROCEED AT ONCE WITHOUT FURTHER NOTICE TO ENFORCE THIS NOTE ACCORDING TO LAW.
6. EACH OF THE FOLLOWING OCCURRENCES SHALL CONSTITUTE AN EVENT OF DEFAULT:
 - A. FAILURE OF THE BORROWER TO REPAY ANY PRINCIPAL OR INTEREST WHEN DUE UNDER THE TERMS OF THIS NOTE;
 - B. TERMINATION OF SAID LOAN AGREEMENT PURSUANT TO THE TERMS THEREOF OR BREACH BY THE BORROWER OF ANY TERMS OF SAID LOAN AGREEMENT;
 - C. FAILURE OF THE BORROWER TO UNDERTAKE IN A TIMELY WAY THE EXPRESS AND IMPLIED ACTIVITIES FOR WHICH SAID LOAN AGREEMENT HAS BEEN EXECUTED;
 - D. FAILURE OF THE BORROWER TO OBTAIN PRIOR WRITTEN COMMISSION APPROVAL BEFORE UNDERTAKING A CHANGE IN THE SCOPE OF THE ACTIVITIES FOR WHICH SAID LOAN AGREEMENT HAS BEEN EXECUTED; OR
 - E. OCCURRENCE OF (1) THE BORROWER BECOMING INSOLVENT OR BANKRUPT OR BEING UNABLE OR ADMITTING IN WRITING ITS INABILITY TO PAY ITS DEBTS AS THEY MATURE OR MAKING A GENERAL ASSIGNMENT FOR THE BENEFIT OF OR ENTERING INTO ANY COMPOSITION OR ARRANGEMENT WITH CREDITORS; (2) PROCEEDINGS FOR THE APPOINTMENT OF A RECEIVER, TRUSTEE, OR LIQUIDATOR OF THE ASSETS OF THE BORROWER OR A SUBSTANTIAL PART THEREOF, BEING

AUTHORIZED OR INSTITUTED BY OR AGAINST THE BORROWER; OR (3) PROCEEDINGS UNDER ANY BANKRUPTCY, REORGANIZATION, READJUSTMENT OF DEBT, INSOLVENCY, DISSOLUTION, LIQUIDATION OR OTHER SIMILAR LAW, OR ANY JURISDICTION BEING AUTHORIZED OR INSTITUTED AGAINST THE BORROWER.

- F. FAILURE OF THE BORROWER'S PROJECT TO COMPLY WITH APPLICABLE LOCAL, STATE, OR FEDERAL LAWS OR REGULATIONS
7. NO DELAY OR FAILURE OF THE COMMISSION IN THE EXERCISE OF ANY RIGHT OR REMEDY HEREUNDER OR UNDER ANY OTHER AGREEMENT, WHICH SECURES OR IS RELATED HERETO, SHALL AFFECT ANY SUCH RIGHT OR REMEDY, AND NO SINGLE OR PARTIAL EXERCISE OF ANY SUCH RIGHT OR REMEDY SHALL PRECLUDE ANY FURTHER EXERCISE THEREOF, AND NO ACTION TAKEN OR OMITTED BY THE COMMISSION SHALL BE DEEMED A WAIVER OF ANY SUCH RIGHT OR REMEDY.
8. ANY NOTICE TO THE BORROWER PROVIDED FOR IN THIS NOTE SHALL BE GIVEN BY MAILING SUCH NOTICE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE BORROWER AT THE ADDRESS STATED IN THE LOAN AGREEMENT, OR TO SUCH OTHER ADDRESS AS THE BORROWER MAY DESIGNATE BY NOTICE TO THE COMMISSION. ANY NOTICE TO THE COMMISSION SHALL BE GIVEN BY MAILING SUCH NOTICE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE COMMISSION AT THE ADDRESS STATED IN THE LOAN AGREEMENT, OR AT SUCH OTHER ADDRESS AS MAY HAVE BEEN DESIGNATED BY NOTICE TO THE BORROWER.
9. IF SUIT IS BROUGHT TO COLLECT ANY PART OF THIS NOTE, THE COMMISSION SHALL BE ENTITLED TO COLLECT ALL REASONABLE COSTS AND EXPENSES OF SAID SUIT, INCLUDING REASONABLE ATTORNEY'S FEES
10. THIS NOTE SHALL BE BINDING UPON THE BORROWER AND ITS SUCCESSORS AND ASSIGNS AND UPON THE COMMISSION AND ITS SUCCESSORS AND ASSIGNS.
11. THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

BORROWER

BY (AUTHORIZED SIGNATURE)

TITLE

DATE

EXHIBIT B

CALIFORNIA ENERGY COMMISSION

GEOHERMAL PROGRAM SECURITY AGREEMENT

1. _____ (HEREINAFTER CALLED THE "BORROWER"), FOR THE VALUE RECEIVED, HEREBY GRANTS TO THE STATE OF CALIFORNIA, CALIFORNIA ENERGY COMMISSION (HEREINAFTER CALLED THE "COMMISSION"), A SECURITY INTEREST IN THE PROPERTY DESCRIBED BELOW (HEREINAFTER COLLECTIVELY CALLED "COLLATERAL") TO SECURE THE PAYMENT OF THE PRINCIPAL AND INTEREST ON ALL OBLIGATIONS UNDER A PROMISSORY NOTE (HEREINAFTER CALLED THE "NOTE"), DATED _____,¹ IN THE AMOUNT OF _____ DOLLARS (_____); ALL RENEWALS AND EXTENSIONS OF THE NOTE; AND ALL COSTS, EXPENSES, ADVANCES, AND LIABILITIES WHICH MAY BE MADE OR INCURRED BY THE COMMISSION IN THE DISBURSEMENT, ADMINISTRATION, AND COLLECTION OF THE LOAN EVIDENCED BY THE NOTE AND IN PROTECTION, MAINTENANCE, AND LIQUIDATION OF THE SECURITY INTEREST HEREBY GRANTED WITH INTEREST AT THE MAXIMUM LEGAL RATE ON SUCH COSTS, EXPENSES, ADVANCES, AND LIABILITIES THE NOTE AND ALL OTHER OBLIGATIONS SECURED HEREBY ARE HEREIN COLLECTIVELY CALLED THE "LIABILITIES."
2. THE COLLATERAL IN WHICH THE SECURITY INTEREST IS GRANTED IS ALL OF THE BORROWER'S PROPERTY DESCRIBED BELOW, TOGETHER WITH ALL PROCEEDS AND PRODUCTS THEREFROM.

SECURITY
PROPERTY

MARKET
VALUE

SECURITY
VALUE²

COMMISSION
POSITION

¹ BORROWER: FILL IN THE SAME DATE AS THE DATE OF YOUR SIGNATURE ON THE PROMISSORY NOTE.

² DISCOUNTED VALUE APPLIED AS SECURITY FOR THE LOAN. ALL SECURITY/COLLATERAL WILL BE DISCOUNTED FROM BOOK OR MARKET VALUE ACCORDING TO THE FOLLOWING SCHEDULE: ALL EQUIPMENT, FIXTURES, AND FURNITURE (50%); INVENTORY, WORK IN PROGRESS, AND SUPPLIES (60%); ACCOUNTS RECEIVABLE (80%); AND REAL ESTATE (25%).

3. THE BORROWER SHALL NOT TRANSFER, SELL, OR ASSIGN THE BORROWER'S INTEREST IN THE COLLATERAL NOR PERMIT ANY OTHER SECURITY INTEREST TO BE CREATED THEREON WITHOUT THE COMMISSION'S PRIOR WRITTEN APPROVAL, EXCEPT THAT THE BORROWER MAY SELL ANY INVENTORY LISTED HEREON IN THE ORDINARY COURSE OF BUSINESS ON CUSTOMARY TERMS AND AT USUAL PRICES AND MAY COLLECT AS THE COMMISSION'S AGENT SUMS DUE ON ANY ACCOUNTS RECEIVABLE AND CONTRACT RIGHTS LISTED AS SECURITY UNTIL ADVISED OTHERWISE BY THE COMMISSION.
4. THE BORROWER SHALL KEEP, STORE, OR REGULARLY GARAGE ALL COLLATERAL AT LOCATIONS APPROVED BY THE COMMISSION IN WRITING.
5. THE BORROWER SHALL NOT CONDUCT BUSINESS UNDER ANY OTHER NAME THAN THAT GIVEN ABOVE NOR CHANGE OR REORGANIZE THE TYPE OF BUSINESS ENTITY UNDER WHICH IT DOES BUSINESS EXCEPT UPON PRIOR WRITTEN APPROVAL OF THE COMMISSION. IF SUCH APPROVAL IS GIVEN, BORROWER GUARANTEES THAT ALL DOCUMENTS, INSTRUMENTS, AND AGREEMENTS DEMANDED BY THE COMMISSION SHALL BE PREPARED AND FILED AT BORROWER'S EXPENSE BEFORE SUCH CHANGE OF NAME OR BUSINESS ENTITY OCCURS.
6. THE BORROWER SHALL PREPARE AND PAY THE FILING AND RECORDING COSTS OF ANY DOCUMENTS OR INSTRUMENTS NECESSARY TO PERFECT, EXTEND, MODIFY, OR TERMINATE THE SECURITY INTEREST CREATED HEREUNDER, AS DEMANDED BY THE COMMISSION.
7. THE BORROWER SHALL MAINTAIN ALL COLLATERAL IN GOOD CONDITION, PAY PROMPTLY ALL TAXES, JUDGMENTS, OR CHARGES OF ANY KIND LEVIED OR ASSESSED THEREON, KEEP CURRENT ALL RENT DUE ON PREMISES WHERE COLLATERAL IS LOCATED, AND MAINTAIN INSURANCE ON ALL COLLATERAL AGAINST HAZARDS, IN SUCH AMOUNTS AND WITH SUCH COMPANIES AS THE COMMISSION MAY DEMAND, ALL SUCH INSURANCE POLICIES TO BE IN THE POSSESSION OF THE COMMISSION AND TO CONTAIN A LENDER'S LOSS PAYABLE CLAUSE NAMING THE COMMISSION IN A MANNER SATISFACTORY TO THE COMMISSION. THE BORROWER HEREBY ASSIGNS TO THE COMMISSION ANY PROCEEDS OF SUCH POLICIES AND ALL UNEARNED PREMIUMS THEREON, AND AUTHORIZES AND EMPOWERS THE COMMISSION TO COLLECT SUCH SUMS AND TO EXECUTE AND ENDORSE IN THE BORROWER'S NAME ALL PROOFS OF LOSS, DRAFTS, CHECKS, AND ANY OTHER DOCUMENTS NECESSARY TO ACCOMPLISH SUCH COLLECTIONS, AND ANY PERSONS OR ENTITIES MAKING PAYMENTS TO THE COMMISSION UNDER THE TERMS OF THIS PARAGRAPH ARE HEREBY RELIEVED ABSOLUTELY FROM ANY OBLIGATION TO SEE TO THE APPLICATION OF ANY SUMS SO PAID.

8. THE BORROWER SHALL BE IN DEFAULT HEREUNDER IF THE BORROWER FAILS TO PERFORM ANY OF THE LIABILITIES IMPOSED HEREBY OR ANY OTHER OBLIGATION REQUIRED BY THE VARIOUS INSTRUMENTS OR PAPERS EVIDENCING OR SECURING THIS LOAN, OR IF THE FULL BALANCE OF THE LOAN BECOMES IMMEDIATELY PAYABLE UNDER THE TERMS OF SUCH INSTRUMENTS, EITHER AUTOMATICALLY OR BY DECLARATION OF THE COMMISSION. IN ADDITION, THE BORROWER WILL BE IN DEFAULT ON THE HAPPENING OF ANY OF THE FOLLOWING EVENTS OR CONDITIONS:
 - A. DISCOVERY OF FALSTY IN ANY MATERIAL RESPECT WHEN MADE OR FURNISHED OF ANY WARRANTY, REPRESENTATION, OR STATEMENT CONTAINED IN THIS AGREEMENT OR MADE OR FURNISHED TO THE COMMISSION BY OR ON BEHALF OF THE BORROWER IN CONNECTION WITH THIS AGREEMENT OR TO INDUCE THE COMMISSION TO EXTEND THE LOAN TO THE BORROWER.
 - B. FILING OF SUIT IN CONNECTION WITH ANY LEVY ON OR SEIZURE OR ATTACHMENT OF THE COLLATERAL.
 - C. AT ANY TIME, IN THE OPINION OF THE COMMISSION, THE FINANCIAL CONDITION OF THE BORROWER BECOMES IMPAIRED OR THE COLLATERAL BECOMES INSUFFICIENT OR UNSAFE.

ALL RIGHTS CONFERRED ON THE COMMISSION HEREBY ARE IN ADDITION TO THOSE GRANTED TO IT BY ANY STATE OR LOCAL LAW OR ANY OTHER LAW. FAILURE OR REPEATED FAILURE TO ENFORCE ANY RIGHTS HEREUNDER SHALL NOT CONSTITUTE AN ESTOPPEL OR WAIVER OF THE COMMISSION RIGHTS TO EXERCISE SUCH RIGHTS ACCRUING PRIOR OR SUBSEQUENT THERETO. THE COMMISSION SHALL NOT BE LIABLE FOR ANY LOSS TO COLLATERAL IN ITS POSSESSION, NOR SHALL SUCH LOSS DIMINISH THE DEBT DUE, EVEN IF THE LOSS IS CAUSED OR CONTRIBUTED TO BY THE COMMISSION'S NEGLIGENCE.

9. IF ANY PROVISION OF THIS AGREEMENT IS INVALID OR UNENFORCEABLE UNDER ANY LAW, SUCH PROVISION IS AND WILL BE TOTALLY INEFFECTIVE TO THAT EXTENT, BUT THE REMAINING PROVISIONS WILL BE UNAFFECTED.
10. THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA IN FORCE AT THE DATE OF THIS AGREEMENT.

11. THIS AGREEMENT WILL BECOME EFFECTIVE WHEN SIGNED BY THE BORROWER.

BY SIGNING BELOW I ACKNOWLEDGE UNDER THE PENALTY OF PERJURY THAT I HAVE FULLY READ AND COMPLETELY UNDERSTAND THE TERMS AND CONDITIONS OF THIS SECURITY AGREEMENT.

I _____ HEREBY SWEAR THAT I AM DULY AUTHORIZED
TO

(NAME OF OFFICIAL)

LEGALLY BIND BORROWER TO THE TERMS AND CONDITIONS OF THIS SECURITY AGREEMENT. I AM FULLY AWARE THAT THIS SECURITY AGREEMENT EXECUTED ON _____, AT _____, CALIFORNIA, IS MADE UNDER THE PENALTY OF

(DATE)

(PLACE)

PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA.

BY (AUTHORIZED SIGNATURE)

TITLE

BORROWER

EXHIBIT C

SPECIAL CONDITIONS

1. CONFIDENTIALITY

[WITH CONFIDENTIAL PRODUCTS]

ALL WORK PRODUCTS AND OTHER SUBMITTALS UNDER THIS AGREEMENT SHALL BE PUBLIC DOCUMENTS, EXCEPT FOR:

- ***[SPECIFY THE DOCUMENT(S), LEGAL BASIS FOR CONFIDENTIALITY, AND TERM OF CONFIDENTIALITY]***

AND WITH THE FURTHER EXCEPTION OF ADDITIONAL WORK PRODUCTS WHOSE POTENTIAL EXISTENCE COULD NOT REASONABLY HAVE BEEN FORESEEN AT THE TIME THIS AGREEMENT WAS EXECUTED AND FOR WHICH THE PUBLIC RECORDS ACT OR OTHER PROVISION OF LAW AUTHORIZES CONFIDENTIAL TREATMENT. SUCH ADDITIONAL UNFORESEEN WORK PRODUCTS MAY BE DESIGNATED AS CONFIDENTIAL IN ACCORDANCE WITH THE COMMISSION S REGULATIONS.

OR

(WITHOUT CONFIDENTIAL PRODUCTS)

ALL WORK PRODUCTS AND OTHER SUBMITTALS UNDER THIS AGREEMENT SHALL BE PUBLIC DOCUMENTS, WITH THE EXCEPTION OF WORK PRODUCTS WHOSE POTENTIAL EXISTENCE COULD NOT REASONABLY HAVE BEEN FORESEEN AT THE TIME THIS AGREEMENT WAS EXECUTED AND FOR WHICH THE PUBLIC RECORDS ACT OR OTHER PROVISION OF LAW AUTHORIZES CONFIDENTIAL TREATMENT. SUCH ADDITIONAL UNFORESEEN WORK PRODUCTS MAY BE DESIGNATED AS CONFIDENTIAL IN ACCORDANCE WITH THE COMMISSION S REGULATIONS.